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WILLIAM T. SMITH
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by
William T. Smith
Lieutenant Colonel, USA

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A RESEARCH REPORT SUBMITTED TO THE FACULTY
IN
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Advisor: Colonel Edward V. Mangis

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ABSTRACT

TITLE: Saudi Arabia and Regional Issues

AUTHOR: William T. Smith, Lieutenant Colonel, USA

Anyone contemplating involvement with Saudi Arabia will find many unique customs and deeply seated traditions. The social, political, religious, and economic norms and priorities are considerably different from what exists in western cultures. Leading with a brief treatment of geography and recent history, the author provides background information on the population, politics, religion and economics in an attempt to establish the basis for the present situation in Saudi Arabia. The second portion of the report deals with the Saudi Arabian perspective on issues of importance to the region. This should serve to provide additional insight and thus promote further understanding of Saudi Arabia.

BIOGRAPHICAL SKETCH

Lieutenant Colonel William T. Smith (B.S., University of Notre Dame) is a Army Officer with twenty years of experience in ground-based air defense systems. He has served multiple tours overseas, including assignments to Korea and Germany. He is the recipient of the Legion of Merit, Meritorious Service Medal with five oak leaf clusters, and the Army Commendation Medal with two oak leaf clusters. He most recent assignment was as a PATRIOT missile Battalion Commander, which included deployments to both Israel and Saudi Arabia. He will graduate from the Air War College and achieve a Masters of Science Degree in Human Resource Management in June, 1993.

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CHAPTER 1. INTRODUCTION

The overall purpose of this paper is to familiarize the reader with the unique political, social, religious and economic climate in Saudi Arabia. The priorities and accepted norms that exist in that country are considerably different from those in the United States (and other western cultures), and thus dictate that we undergo an educational process to assist in producing success in any endeavor.

Leading with a brief treatment of the geography and history of Saudi Arabia, I have presented selected items that I believe are key to understanding the general situation that exists in the country today. Background information is provided on political, religious, and economic topics. This brief synopsis is provided to cover areas essential to the understanding of this complex society.

The second portion of this report lays out the Saudi Arabian perspective on key regional issues. This discussion is provided for two reasons: it will familiarize readers with key regional issues, and it will provide additional insight to promote further understanding of the country.

CHAPTER 2. BACKGROUND

GEOGRAPHY

The Arab peninsula is a rough trapezoid that covers approximately one million square miles. The country of Saudi Arabia occupies 80% of this land mass. It is bordered by Jordan, Iraq, and Kuwait to the north; by the Persian Gulf, Qatar, the United Arab Emirates, and Oman to the east; by Oman and Yemen to the South; and by the Red Sea to the west. (4:301)

Saudi Arabia has four major geographical regions: the Nejd in central Arabia; the Hejaz along the upper Red Sea Coast; Asir along the Red Sea between the Hejaz and Yemen; and Hasa, the eastern area along the Persian Gulf.

The Nejd is the heartland of Saudi Arabia. It is a plateau that gently slopes downward from west to east. The four inches of annual rainfall in this region barely support scrub vegetation which nomadic tribes use to feed their herds. There are two deserts (Nafud in the north and the Dahna in the south) and several oases in the region. (4:301)

The Hejaz covers 150,000 square miles which reaches from the Gulf of Aqaba (Israel's access to the Red Sea) to Asir in the south. It has a coastal plain that averages 10-15 miles in width (maximum 30 miles). A mountain range separates the coast from the interior with an average height of 5,000 feet. (4:301)

Asir is the fertile western coastland where up to 12 inches of rainfall are received each year. Even the western face of the mountains there are terraced to support agriculture.

The Hasa extends south from Kuwait along the Persian Gulf. It contains the proven sources of oil that is the principal source of income for Saudi Arabia. Annual precipitation in this region is less than four inches.

Extending 570 miles east from Asir to the Persian Gulf is the desert called Rub' al-Khali (The Empty Quarter). It is the largest continuous body of sand in the world, covering about 230,000 square miles (larger than France). Sand formations reach heights of 800 feet, especially in the east. The area cannot sustain life. After infrequent rains, the Beduoinis may move temporarily into the area to graze their herds. (4:301)

Between 1-2% of the total land area is used to raise crops. Of the cultivated areas, about 45% is worked by rain-fed dry farming (mostly in Asir), 40% is in tree crops, and the remainder is irrigated. There are virtually no permanent surface streams in the country. (4:301)

HISTORY

The political and religious structure of modern Saudi Arabia began to take shape in the mid-18th century with growing opposition to the Ottoman Empire and the emergence

of a religious reform movement. About 1740, Mohammed bin Abdul-Wahhab began preaching a return to the fundamental principles of Islam. His teachings were in accordance with orthodox Sunni beliefs, but carried these to a more rigorous extreme than was common practice at that time. Expelled from his own town, Abdul-Wahhab sought and received refuge in Dar'iyah (a city a few miles north of the site of Riyadh) with the family of Al Saud. (11:835)

Forming a religious-military alliance, Abdul-Wahhab and Muhammad ibn Saud began the conquest of the Arabian peninsula. This Wahhabi state experienced both success and total defeat in its wars with the Ottoman Empire (which used Egyptian forces to fight on the Arabian peninsula) and with other Arabic tribes until 1902. In that year, a member of the Saud family began the offensive that eventually established the present government by capturing Riyadh. (14:--)

From 1902-1932, Ibn Saud continued to expand his control of the inner Arabian Peninsula. Britain was well established in the Persian Gulf. Her interest was to protect her lines of communication to India by ensuring that the French, Russians and Germans could not exercise influence in the region. In 1915, Saud signed an agreement with the British that placed Saudi lands under a British protectorate. In 1927, in the Treaty of Jeddah, Saud recognized the rulers of Transjordan and Iraq (old enemies established in power by the British) and the special status

of the British-protected sheikdoms along the Persian Gulf coast. In return, he received British recognition of his own country. On 24 September 1932, Saud issued a royal decree that unified the kingdom under one government. (10:741)

In 1933, a Saudi concession to explore for oil was granted to Standard Oil of California. By 1938, petroleum in commercial quantities had been discovered. By 1948, the Saudi economy was firmly established on the basis of oil. In 1973, the Saudi government bought a 25% share in the Arabian-American Oil Company (ARAMCO), leading to a 100% buyout in 1980. (10:751)

In 1934, Saudi Arabia fought with Yemen in a boundary dispute. Yemen lost. Saudi Arabia only occupied the disputed district on the west coast.

During WWII, Saudi Arabia remained neutral, with Allied leanings. She was subsidized by both Britain and the U.S. to offset the loss of critical income from the cancellations of the annual religious pilgrimage to Mecca. In 1945, as a formality to gain charter-nation status in the new United Nations, Saudi Arabia declared war on Germany. She also became a charter member of the Arab League in 1945. (9:217)

In the Arab-Israeli war of 1948, Saudi Arabia contributed one battalion of soldiers which fought as an auxiliary to the Egyptian army. Saudi military forces were not major participants in the 1956, 1967, or 1973 conflicts.

Saudi Arabia led the 1973 movement that placed an embargo on supplying petroleum to countries supporting Israel. Recognizing that world-wide economic repercussions might result from too severe a use of the oil "hammer" and desiring to ensure that industrial countries remained dependent on Saudi petroleum resources, Saudi Arabia later pressed for a resumption of supplies at current prices. In May 1974, the U.S. and Saudi Arabia signed a military and economic co-operation agreement--the U.S. pledging help in efforts to industrialize and diversify the Saudi economy. (10:743)

In the Iran-Iraq Gulf War, Saudi Arabia supported Iraq. Relations with Iran steadily deteriorated. In 1987, disturbances occurred in Mecca during the Hajj (allegedly triggered by Iranian demonstrations) which resulted in the deaths of 402 people (275 of whom were Iranians). (9:219)

POPULATION

Saudi Arabia is very secretive about the size and location of its population. I can think of two reasons for the cloud that obscures this data: first, the government does not know (and thus presumably doesn't want to know); or, second (and most probable), that because the population is relatively small for its land mass, the government chooses not to advertise its perceived vulnerability in this area.

Recent estimates (1988-89) vary from 14 to 15.5 million people, with a growth rate of 3.5% to 4% per year. Many believe that imported labor was included in these estimates.

Ethnically, Saudi's are Arabs. The worldwide trend for urbanization is also found in Saudi Arabia with estimates running from 67% to 80% of the population living in cities. Urban growth has been put at 5%. (10:747)

Saudi Arabia has a labor shortage problem. In its five year plans, the government has actively pursued diversification of its economy and improvement of the infrastructure. This has put pressure on the Saudi labor force. The situation has been exasperated by Islamic restrictions on women working with men. Another problem being addressed through educational and training programs is establishment of a trained mid and upper level labor force in technical and engineering fields. (2:41)

Imported labor, in a 1985 estimate, was put at 3.5 million workers, primarily in lower tier jobs (e.g., construction). Historically these workers came from Yemen, Egypt, Pakistan, Korea, and the Philippines. The religious concern over the "contamination" of the Saudi Islamic society has placed severe restrictions on imported workers (e.g., normally no dependents authorized). The Saudi Fourth Development Plan (released in 1984) set a goal to reduce this labor force by 600,000. Between October 1984 and April 1986, the actual reduction was 1.1 million. (9:216) This was primarily due to the impact of the falling price of oil

on government spending. Another exodus commenced with Desert Shield/Desert Storm, when the Saudi government expelled the workers from the countries (e.g., 800,000 from Yemen) that supported Iraq. (10:747; 5:959)

POLITICAL SITUATION

The Saudi government is a monarchy based on the tribal system and Islamic law (Koran and Hadith-Sunnah--the teachings and example set by Muhammad). It retains close ties with the Wahhabi approach to Islam. No written constitution has been adapted--the argument being that given the political-religious basis of Islam, it is unnecessary. The King's powers as a monarch are limited by the Koran and are subject to the traditions and customs prevailing among the tribes. Since 1953, a Council of Ministers, appointed by the King, advised the King and assisted in the administration of the government. A Consultative Council has been proposed to help run the government. (10:761)

On 1 March 92, the King issued a decree establishing the Consultative Council. Subsequently, he has appointed the Justice Minister (who gives up this post) from the Council of Ministers to head the new council. All members will be chosen by the King and will serve for four years. Decrees were also issued which gave greater authority to provincial governments (and established a similar ten-member council for each), changed the rules of royal succession (subsequent

to his brother's rule), and established a "bill of rights" (bans arbitrary arrests and searches). The Consultative Council will review national policies and can initiate legislation. If the Council of Ministers concurs on a law, it is enacted. If not, the King decides on the issue. (5:159)

Most key positions within the political and military establishments are held by members of the royal family. The situation is the same in the provincial governments, although some positions are given to other loyal families. The previous heirs to the throne were groomed for the position, eventually serving as the Prime Minister and designated the Crown Prince. (13:69) Transfers of power from the King to the heir have, with one exception, been peaceful. After his brother's accession to the throne, consensus of the royal family will select the future king from any of the royal princes. (5:159)

The King rules through the Council of Ministers by basically achieving consensus within the royal family. (13:69) The addition of the Consultative Council to the government hierarchy will probably not significantly change this approach to rule--the King appoints both the Council of Ministers and the new council, as well as sits on the Council of Ministers. (7:53) Religious advice is received through the Ulema--an appointed council of religious leaders. Support for political actions from religious leaders is very important since much of the King's

power is based on religious legitimacy. (7:53) The justice system is based on Islamic law, with the King having the power to pardon. As with all Islamic nations, Saudi Arabia is struggling to solve issues that arise from modernization and the perceived conflict with the customs of Islam. (10:106)

The Saudi government provides free education, medical care, and the equivalent of our Social Security benefits to its citizens. Interest free loans, plus land, are available for homes. Small businesses, including most aspects of agriculture, receive low interest start-up loans, and often subsidies. (10:756) The government is actively pursuing diversity in the economic sector to prepare for the eventual depletion of oil reserves and as a means of spreading the wealth among its citizens. At diwans (public audiences), citizens have a right to air a grievance or petition a leader--including the King. The combination of free government services, the right of redress with the King, and conformity with Islamic law seem to have precluded a popular push for any change in style of government. (7:53)

In general, the kings of Saudi Arabia have adopted a policy of cautious modernization at home. They have adopted approaches to issues abroad that enhance their regional influence. They often serve as mediators in disputes--many times picking up a large share of the cost of the solution. (10:742) They embrace concepts like Arab nationalism, but stop short of commitments that involve loss

of sovereign rights. Saudi Arabia has significant influence in the Arab League and OAPEC. She hosts a multitude of Muslim organizations and backs their concepts with funding. Saudi Arabia is recognized as a "moderate" Arab state. Among the Arab states, there are no particularly "binding" alignments--different issues drive different alignments, with a few notable exceptions (e.g., Egyptian-Israeli peace agreement).

RELIGION

Estimates of the religious breakout of Saudi Arabia, like the size of the population, vary--consensus appears to be that 85% of the people are Sunni Muslims, with the remaining being Shiite. (10:740) The Sunni Muslims, for the most part, belong to the Wahhabi sect, including the royal family. This reflects the religious/political alliance (see historical section) that was established in the 18th century that eventually resulted in the conquest of what constitutes Saudi Arabia today.

The Shiite minority is concentrated in the eastern province (the location of the oil fields). In November 1979 and February 1980, there were riots in the eastern province by the Shiites. The Saudi National Guard regained control of the situation through the use of force. At least twelve leaders were later executed. The King increased the spending of oil wealth in the area to build roads and

schools. The replacement of the governor and the easing of religious restrictions appears to have temporarily calmed the unrest. (12:44)

Another noteworthy incident that reflected internal instability also occurred in 1979. About 250 followers of Juhaïm ibn Seïf at-Oteibi, a Sunni Muslim, occupied the Grand Mosque in Mecca. The protest was allegedly against the extremes that were beginning to show up in Islamic society (particularly among wealthy princes), and they called for a return to orthodox Wahhabi. The siege lasted two weeks, when it was suppressed, by force, with the death of 102 insurgents. Observers in the country indicated that the incident appeared to trigger a "return to devotion" throughout the country. (10:107)

In 1988, a series of bombs were set off at the Sadaf oil facility in Jubail. Eventually, four Shiite men were caught and executed. This situation worsened problems in the eastern province because ARAMCO, the primary employer of Shiites in the region, stopped hiring Shiites. Estimates are that 30% of the Shiite work force are unemployed. (12:44)

In September 1990, Iraq called for a Shiite uprising in order to destabilize the Saudi government during Desert Shield/Storm. The Shiites did not appear to overtly respond. (12:44)

ECONOMICS

Saudi government spending is predicted through a series of five year plans. The first plan (1970-75) was for 80 million to be allotted to economic and social development. The second plan (1975-80), reflecting significant increases in oil revenue, was for \$142 billion allotted to defense (15.6%), education (14.8%), urban development (10.7%), and industrial and mineral production (9%). The third plan (1980-85) shifted the emphasis from infrastructure to diversity in the economy--especially to increasing agricultural production. This plan stressed Saudi worker training, reduced use of imported labor, and encouraged private Saudi investors to participate in the economy. The sharp decrease in oil revenues after 1981, significantly impacted this plan. The economy weathered the storm by government reduction of expenditures (e.g., 1985--20%), and by drawing on financial reserves established earlier. (9:219)

Objectives in the fifth plan (1985-90) included greater operational efficiency, continued emphasis on non-oil revenue generation and private sector investment, and further integration in the Gulf Co-operation Council. Although declining oil revenues continued to impact the plan, success was achieved in several areas--primarily in agricultural and petrochemical industries. (10:748) The sixth plan (1990-95) focuses on defense (33%), education (18.6%), health and social services (11.6%), and

transportation/communications (6.9%). Note that this plan was published before Desert Storm, and thus any changes triggered by the war are not reflected. (10:759)

Trends established in the 1980's included: deficit spending (which began in 1982/83) and use of international reserves to make up for this deficit spending (fell from \$114 billion in 1985 to an estimated \$75 billion in 1989). (9:219) Some success has been achieved in the diversification effort--petroleum has decreased from a high of 90+% to 55.6% of total government revenue. (10:756)

Several characteristics of Saudi spending, with resultant impacts, are worth highlighting in this paper. The effort to diversify the economy has the following impacts: it puts pressure on a short labor supply, while attempting to reduce foreign labor; it increased the use of water (e.g., agriculture) in a country where that commodity will become increasingly scarce; and it began the process of spreading oil wealth among private citizens (e.g., subsidies to establish private sector growth). A significant (roughly 30%) portion of their budget is spent on free education and social services for their citizens--contributing to internal stability, but tough to cut in lean economic times. (10:759) Another significant budget item is defense (33%)--reflecting Saudi negative perceptions of regional stability. (10:759) Saudi Arabia has been a patron of the "Have-Nots" throughout the Arab and Muslim world--from 1979-1989, \$65 billion in aid to Islamic states (15:274), \$85 million to the PLO in

1989 (the last payment in a 10-year program), and \$6 million/month in 1989, to Palestinians in the occupied territories. (10:756)

Saudi oil will continue to generate revenue for a long time (133 years at 1989 production levels). (10:749)

Deficit spending, complicated by the cost of Desert Storm, has begun to seriously erode cash reserves established during the oil boom of the late 1970's. As "belt-tightening" occurs, the Saudi government will have some tough choices to make, with serious policy impacts--social services (internal security), defense (external threat), agricultural/private sector expansion (spread oil wealth), and international aid (regional influence).

CHAPTER 3. REGIONAL PROBLEMS

WATER

Sources of water in Saudi Arabia are threefold: desalination plants located on both the east and west coasts, primary and secondary aquifers that may not be renewable, and a growing system of dams that attempt to capture the limited surface run-off. A recent development--growing Saudi interest in treated water projects for agricultural and industrial use--may provide additional help to alleviate the potential water problem.

Saudi Arabia is the world's largest producer of desalinated water. In 1990, thirty plants produced 572.4 million gallons of water a day. Pipelines carry the desalinated water to interior cities (e.g., Riyadh, Mecca, Ta'if). The total cost of producing potable water from seawater, using the multi-stage flash distillation technique, is about \$4.00 per 1000 gallons. Reclamation of moderately polluted water (including brackish well water), by reverse osmosis techniques, costs about 50 cents per 1000 gallons. In 1991, there were 22 Saudi brackish water plants producing 230 million gallons of water per day. (1:1289)

More than 20 deep aquifers have been discovered in Saudi Arabia with 340 billion cubic meters of extractable water in primary aquifers and 160 billion cubic meters in deeper reserves. About half of these aquifers have been tapped as

a source of water. Most geologists feel that this source is non-renewable, given its depth (often over 1700 meters) and the lack of the existence of surface water for renewal. (6:51)

In 1975, there were 16 dams in Saudi Arabia. By 1984, the number had grown to 180. Most of these dams capture water for crop irrigation. (8:53)

Today, Saudi Arabia is meeting the water demands of its people. The government, however, has ambitious plans to become self-sufficient in food, which will cause future problems with water. Approximately 1% of the land is cultivated, yet this effort consumes 89% of the water produced. (10:749) One estimate is that Saudi Arabia spends a total of \$1 billion to grow wheat they can buy for \$120 million. The cost of growing one ton of cereal, using desalinated water, is estimated at \$3500. (6:51)

The government policy to be self-sustaining in food is probably unrealistic given the climate and the foods they are attempting to grow. The use of the aquifers (non-renewable) keeps costs down now, but geologists estimate that this source of water will be depleted (assuming 10% growth) in 10-20 years. (10:51) Note that the policy of establishing an agricultural base also helps reduce population drift to the cities and spreads the oil wealth (e.g., direct subsidies) among the people.

Plans to obtain water by pipeline from Shatt-al-Arab (Iran/Iraq) are probably no longer feasible. Upstream

consumption of water has reduced the flow and increased contamination. Furthermore, given historical Iran/Iraq disputes over this region, the considerable investment to develop this region might never receive any payoff.

Turkey's Peace Pipeline would provide water from the Ceyhan and Seyhan rivers to the Arabian peninsula. One pipe would cross Syria and Iraq, pass through the eastern province of Saudi Arabia, and provide water to Bahrain, Qatar, UAE, and Oman. The Saudi share would be 2.3 million cubic meters per day. The other pipeline would pass through Syria, Jordan, Israel, and western Saudi Arabia, to terminate in Mecca. The Saudi share of this effort would be 3.5 million cubic meters of water per day. Estimates of the cost of construction of this pipeline are \$16-21 billion. (3:13-14) Given the lack of a final settlement of the Arab-Israeli problem and the present situation in Iraq, I believe the regional water crisis will have to become much more severe for the Arab leadership to begin this cooperative effort.

The Saudi government is adequately providing for the needs of its country. Increased industrialization, increased urbanization, and the depletion of the aquifers will tax the present system. However, by continuing to capture surface run-off in dams, by increasing the use of treated water for agriculture, and by manipulating the amount of land under cultivation, the Saudi government may be able to maintain a delicate internal balance.

MILITARY IMBALANCES

Experiencing a significant increase in funds due to the rise in oil exports in 1973-1974, the Saudi government's second five year plan (1975-80) began the process of steadily increasing commitments to defense.

I will deal with the Saudi buildup by indicating their perspective on regional security from the aspects of historical border disputes, the Arab-Israeli conflict, the fall of the Shah and the subsequent Iraq-Iran war, and Desert Storm.

Saudi Arabia has had border disputes with most of its neighbors. Initially centering on access to pastures and wells in areas where the borders were ill-defined, they grew to include mineral rights after oil was discovered. In the north, borders were finalized with Jordan in 1965, with Iraq over the neutral zone in 1975, and with Kuwait over a neutral zone in 1966. (10:757) Disputes with Qatar were resolved in 1965 and with the UAE (after border clashes) in 1974. To the south, borders in The Empty Quarter remain undefined (Oman, eastern Yemen). Saudi Arabia fought with Yemen in 1934 in the Asir region, gaining and retaining control of the disputed land. (10:741)

Yemen remains a concern for Saudi Arabia--in the 1960's, Saudi Arabia backed the Royalists, while Egypt backed the revolutionaries during a civil war. The subsequent breakup of Yemen, with the south establishing close ties with the

Soviet Union, also caused concern. Asir is the richest agricultural region for Saudi Arabia, and it borders Yemen. Note that Yemen can also control the southern access to the Red Sea. Reunification of Yemen offered hope for regional stability. (10:742) However, Yemen publicly came out for Iraq during Desert Storm--triggering a Saudi expulsion order for her workers.

The Arab-Israeli conflict does not pose a direct military threat to Saudi Arabia (unless they participated in an attack on Israel). However, given her wealth and her desire to exercise influence in the region, Saudi Arabia must show solidarity with the Arab cause. In 1948 and again in 1967, Saudi Arabia dispatched only token forces in the fight against Israel. After the 1967 war, Saudi Arabia provided 50 million pounds sterling to assist Jordan and the United Arab Republic (Egypt/Syria) in rebuilding their strength. In 1973, Saudi Arabia led the OAPEC embargo against countries who supported Israel.

The U.S. "twin pillar" policy failed with the demise of the Shah of Iran--destabilizing the region. This event, followed by the Soviet invasion of Afghanistan, caused concern in Saudi Arabia. The vocal zeal of the revolutionary government in Iran--a Shiite government--caused concern because it professed active exportation of revolution throughout the area. When the Iraq-Iran war broke out, Saudi Arabia financially supported Iraq. (10:756) In 1981, she formed the Gulf Cooperation

Council (GCC), a pact for economic cooperation and collective security. Military exercises were planned and conducted (e.g., 1983 in Oman). In 1983 and 1984, Saudi Arabia became increasingly entangled in the Gulf War--shooting down an intruding Iranian jet and attempting to mediate attacks on oil tankers in the Gulf. In 1987, in Mecca, 402 people were killed during the Hajj--275 Iranians. The riots were triggered by Iranian demonstrations.

The Iraqi invasion of Kuwait triggered a major crisis in the Saudi government. Billions of dollars had been spent on Saudi military forces, yet it was unlikely they could stand up to Iraq. Kuwait was conquered, and the source of Saudi wealth--her eastern oil fields--were within reach of Iraq. Asking for U.S. help would emphasize the impotence of Saudi forces against Iraqi forces and would lend credibility to the argument that Saudi Arabia had become a U.S. "pawn." Her credibility as an Arab leader was at stake. Emphasizing the multinational nature of the defense force, Saudi Arabia temporarily invited the U.S. in. (10:746)

Desert Storm, given the continuing rule of Saddam Hussein, did not solve any regional stability problems. Iraq still retains considerable military power (although offensive capability has been significantly reduced). (16:9) From the Saudi perspective, she faces two threats to the north (Iraq/Iran) and one to the south (Yemen). In order to defend against perceived threats to her borders and to

regain and retain credibility as a leader in the Arab world, Saudi Arabia has attempted to upgrade her military forces.

Given the new U.S. administration, it is uncertain what the future U.S. policy towards arms sales in this region will be (support a wealthy friend with arms sales or attempt to curb this growth). Any halt or slow down of weapon sales to this region would free up large sums of money to solve other pressing problems. However, it is certain that the Saudi government will continue to attempt to purchase the high-technology weapons that were so successful during Desert Storm to counter similar "build-up" efforts in Iraq and Iran. If the U.S. government won't sell these items, the Saudi government will probably turn to the British--a previous supplier of high-technology equipment. Note that the effectiveness of these forces will be dependent on Saudi ability to train her people to maintain and use the equipment--a tough problem for a society which lacks widespread technical sophistication.

POPULATION

The relatively small size of the Saudi Arabian population base has precluded many problems. The government's social welfare programs, when combined with the extensive existing infrastructure, appear to meet the needs of the people. The population drift to the cities has not caused major problems.

Expanding industrial and agricultural sectors have triggered labor shortages. The government policy of reducing imported labor (to reduce "contamination" of their Islamic society) exacerbates this problem. Since these sectors, plus the push for increased private investment/development, serve to spread the oil wealth among the people, it is unlikely that these policies will be changed substantially.

Recent political reforms may help alleviate existing social unrest caused by the natural desire to participate in government. It is too soon to tell what impact the Consultative Council will have on government policy. However, since the King appoints all the members of both councils involved in the government, it is unlikely we will see a substantial shift in direction.

Recent decrees establishing the "sanctity" of the home, curtailing arbitrary arrest/harassment, and curtailing government scrutiny of telephone calls and mail, should reduce social unrest. (5:159) How these decrees impact on the Mutawein activity of religious authorities and their reactions to it, remains to be seen.

RELIGIOUS/ETHNIC PROBLEMS

There are two significant on-going conflicts. The Shiite population, as indicated by the 1979/80 riots in the Eastern province, has historically not received equal

treatment. Government attempts to rectify that situation (1980-85) must have met with some success--the Shiites have not responded to external calls for rising up against the government. I am certain that the forceful suppression of previous riots contributes significantly to this restraint. The natural consolidation of this religious group in predominantly one area has two important results--it makes any disparate treatment more obvious, and it makes the Saudi government vulnerable (since they reside in the oil-producing region). The recent increase in the authority of the provincial government may help in the redress of remaining inequalities.

The second conflict involves the push-pull between Islam and modernization. Religious leaders are constantly struggling with interpretation of religious law to deal with the effects of modernization. All leaders wish to avoid the contamination and evils associated with "Westernization," but have not reached consensus on how to accomplish this. The recent decrees establishing a Saudi "Bill of Rights" can be interpreted as a curtailment on the authority of the Mutawein. (5:159) It is too early to assess how the decrees will be implemented and the reaction of the religious authorities. The general population should appreciate the increase in personal freedom--while the religious leaders may feel constrained in their perceived duty to enforce the tenants of Islamic law.

OCCUPIED LANDS

Historically, official Saudi policy has pushed for the recovery of occupied Arab territories and the liberation of Jerusalem. (10:749) At the Arab summit following the Israeli-Egyptian treaty, Saudi Arabia joined with other moderates in supporting sanctions against Egypt. Note that the Saudi government did not send Egyptian workers home--the normal signal of extreme displeasure. (10:743)

At the risk of oversimplification of a complex issue, Saudi Arabia seeks resolution of the Arab-Israeli conflict on terms that are acceptable to her "more-involved" neighbors (Egypt, Jordan, Syria). This conflict promotes regional instability and constitutes a serious drain on Saudi resources. As a Muslim nation, the government will retain special interest in resolution of the status of Jerusalem (a Muslim holy city)--seeking return of east Jerusalem and the guarantee of freedom of worship at all holy places (FEZ Summit Peace Proposal).

As a moderate nation and a leader in the Arab world, I would expect to see Saudi Arabia to continue to publicly support all aspects of the "Arab position," while quietly working as a mediator to resolve the details of any proposed solution. Given Jordan's renunciation of a claim to the West Bank (1988), resolution of this issue, from the Saudi perspective, most likely involves the return of occupied territory, in combination with the establishment of a

Palestinian State.

STATELESS-NATIONS

The Saudi government, as a leader in the Arab world, has historically used both economic and political power to help resolve the Palestinian issue. Arafat's support of Iraq during Desert Storm will complicate Saudi support. However, as time passes, I am certain that the King will continue to attempt to play a leading role in the solution of the issue--he must, in order to retain a leadership position in the Arab/Muslim communities. It is also in Saudi national interests to see resolution of this issue that contributes to regional instability and to resolve the question of Jerusalem.

The Saudi government has taken a position that the Palestinian people have a right to an independent state, demonstrated in their support for the FEZ Summit Peace Proposal and their recognition of the Palestinian State. Given the problem of Arafat's support for Iraq, Saudi Arabia will probably be reluctant to publicly lead any new initiatives. However, the U.S. government, given our effort during Desert Storm and the subsequent Saudi requests for new weapons, has significant political leverage to encourage Saudi action.

HAVE/HAVE-NOTS

Internally, as mentioned earlier in this paper, the Saudi government has actively pursued policies that assist in spreading oil wealth among her people. This effort, combined with an extensive social welfare program, has apparently minimized internal conflict. The Shiite uprisings in 1979-80, are a significant exception to this statement. However, government actions subsequent to the riots have apparently appeased the Shiite community. Rising unemployment (estimates in 1990 were 30%) may result in further conflict. ARAMCO's refusal to hire any additional Shiite workers as a result of the Jubail bombing will worsen unemployment. (12:44) Recent government reforms that impact the political process may help diffuse this situation. If provincial governments realize more power and are allowed to implement solutions to province-peculiar problems, the Shiite community may be able to seek redress of local issues.

Externally, the Saudi government addresses the "Have-Not" issue in two ways. From 1979-1989, she pledged \$64.7 billion dollars in bilateral aid. (15:274) Given the cost of Desert Storm, internal funding requirements (e.g., social programs, defense), and falling external reserves, I suspect that this generous program may become more constrained. Allies during the war (e.g., Egypt and Syria) will probably gain from their participation in the

Coalition. The PLO and Jordan will face the loss of Saudi aid.

The second method the Saudi government uses to support less-wealthy Muslim countries is through control of the expatriate labor force. Since the government controls the size and origins (through visas) of the labor force, it controls which country gains the benefit of this external source of income. Yemen and Jordanian labor forces were reduced during Desert Shield/Desert Storm. As the government establishes funding priorities in their present financially constrained situation, the external labor force may be reduced. Given historical precedent, this reduction will favor Arab nations that supported the Coalition.

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